

## YOUNG, SHERON

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**From:** \_Regulatory Comments

**Sent:** Tuesday, September 27, 2005 2:18 PM

**To:** YOUNG, SHERON

**Subject:** FW: Texas Credit Union League Comments on Proposed Rule Part 741.8

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**From:** Dick Ensweiler [mailto:rensweiler@tcul.coop]

**Sent:** Tuesday, September 27, 2005 1:06 PM

**To:** \_Regulatory Comments

**Subject:** Texas Credit Union League Comments on Proposed Rule Part 741.8



# Texas Credit Union League

**Richard L. Ensweiler**  
**President and Chief Executive Officer**

September 27, 2005

Ms. Mary Rupp  
Secretary of the Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, VA 22314-3428

VIA EMAIL to [regcomments@ncua.gov](mailto:regcomments@ncua.gov)

Re: Texas Credit Union League Comments on Proposed Rule Part 741.8

The Texas Credit Union League (TCUL) appreciates the opportunity to comment on the proposed revisions to the National Credit Union Administration's Rule 741. The Texas Credit Union League is the official trade association serving approximately 635 federal and state credit unions and more than 6.3 million credit union members in Texas.

**Comments Regarding Part 741.8**

TCUL supports the proposed addition of subsection (b)(3) to Part 741.8, clarifying that purchase and assumption transactions between federally-insured credit unions do not require NCUA approval. Transfers between federally-insured credit unions do not materially increase the risk to the National Credit Union Share Insurance Fund, nor do these types of transfers negatively affect the safety and soundness of federally-insured credit unions.

TCUL supports the proposed language to Part 741.8 detailing how credit unions can apply for NCUA approval for other types of purchase and assumption transactions. However, TCUL encourages NCUA to be more specific as to which regional office should receive such requests.

**Comments Regarding Part 741.3 and 741.4**

TCUL urges NCUA to leave unchanged the current Rules 741.3 and 741.4 concerning state chartered credit union activities and investments. No evidence has been presented to show that the activities and investments of state chartered credit unions provide safety and soundness concerns. An attempt by NCUA to restrict the activities of state credit unions where no problems exist could weaken the dual-chartering system. Federal preemption of state laws should be avoided unless there is a demonstrated, substantial, compelling risk.

TCUL strongly supports the “dual-chartering” system available in Texas. Under the guidance of the Texas Credit Union Department, Texas state chartered credit unions have exercised their investment and CUSO activities in a safe and sound manner. State chartered credit unions are pleased with their current investment choices, and the state regulator has deemed those investment practices safe and sound. As a result, TCUL feels it is appropriate to defer to the state regulator on this matter.

Additionally, NCUA’s proposal states that nonconforming investments conflict with GAAP. TCUL believes that GAAP is intended to properly account for transactions, not dictate transactions. In many cases, reserves are used to offset the non-conforming investments, presenting a more conservative approach than GAAP. As a result, TCUL urges NCUA to allow the continued use of regulatory accepted accounting principles.

Regarding the extension of NCUA’s CUSO rules to federally insured state-chartered credit unions, TCUL feels confident that most state regulators agree with the importance of corporate separation between a CUSO and its credit union owners. However, we believe this is an issue the state regulator can properly handle without NCUA rule revisions.

**Conclusion**

Thank you for the opportunity to comment on the proposed revisions to the National Credit Union Administration’s Proposed Rule 741.8. Again, TCUL urges the NCUA Board to retain the current language allowing the state regulator to determine the appropriateness of state credit union activities and investments. If you or other Board Staff have questions about our comments, please give me a call at (800) 442-5762 x 8516.

Sincerely,

A handwritten signature in black ink, reading "Richard L. Ensweiler". The signature is written in a cursive style with a large initial "R" and "E".

Richard L. Ensweiler  
President & Chief Executive Officer  
Texas Credit Union League

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